advised Reserve Bank of India to monitor the performance of weak banks on a regular basis

advised the banks to contain capital expenditure, ban on recruitment of staff, relocating surplus staff to branches where additional staff are required etc.

Bank Loan Defaulters

3520. SHRI R. MARGABANDU: Will the Minister of FINANCE be pleased to state:

(a) the details of defaulters of bank loans over ten lakh rupees, Bank-wise and State-wise; and

(b) what steps are taken to recover these loans?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR): (a) Reserve Bnk of India (RBI) has informed that their data monitoring system does not generate information of defaulters of bank loans in the form asked for.

(b) Government/RBI have taken the following measures/issued guidelines for recovery of NPAs.

(i) the banks should formulate a loan recovery policy with the approval of their Board of Directors.

(ii) The banks should set up 'Recovery Cells' at Head Office and monitor recovery of NPAs closely.

(iii) The banks may enter into compromise/negotiated settlements on the merits of each case subject to various safeguards prescribed by RBI and ensure maximum recovery at minimum expense.

(iv) Debt recovery Tribunals have been set up in Calcutta, Delhi, Bangalore, Ahmedabad, Patna, Guwahati, Chennai and Jaipur and an Appellate Tribunal in Mumbai to help banks in recovery of NPAs.

Lifting the Ban on Investments by FIIs

3521. SHRI SATISH AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) the rationale behind lifting the ban on investments by Foreign Institutional Investors (FIIs) in open-ended 100% debt oriented and equity schemes of mutual funds;

(b) whether Government/SEBI/RBI assessed the impact of withdrawal of their money at one go; and

(c) what precautions have been taken to prevent such an eventuality?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR): (a) There has been no ban on investments by Foreign Institutional Investors(FIIs) in open ended 100% Debt oriented and equity schemes of Mutual Funds. However as a part of ongoing liberalisation FIIs registered with the Securities and Exchange Board of India (SEBI) as Debt funds have been allowed to invest 100% of their funds in debt securities of companies and dated Government securities.

(b) and (c) Since FIIs have started investing in the Indian Stock markets the monthly cumulative net investments by them have always been positive. While the limits prescribed for FIIs investments in individual companies and the structure of capital gains tax applicable for their investments may have a bearing on the likelihood and extent of withdrawal by FIIs, it is expected that the Indian Stock market itself is mature enough to absorb the impact of any withdrawal by FIIs.

Assistance for regenerating the Manipur State Cooperative Bank

3522. SHRI W. ANGOU SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether the Manipur Government has approached the Central Government for any assistance to regenerate the Manipur State Co-operative Bank Ltd.;

(b) the steps taken by the Central Government to rehabilitate the State Co-op. Banks of the North Eastern Region;

(c) the amount of funds allotted in the 9th Five Year Plan to rehabilitate the State Co-op. Banks of the Region; and

(d) the amount allotted on State-wise basis?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR): (a) to (d) The information is being collected and, to the extent available, will be laid on the Table of the House.

Pending claims in GIC offices

3523. SHRI M. RAJASEKARA MURTHY: Will the Minister of FINANCE be pleased to state:

(a) the total number of pending documents/claims department-wise, company-wise, of the four subsidiary offices of General Insurance Corporation, as on 1st April, 1996 and 28th February, 1997;

(b) their percentage as compared to the financial years 1994-95, 1995-96, in the same manner as above;

(c) whether Government would consider making a provision in the policy bond that in case of delayed issuance of documents or settlement of claims, an interest of 18% p.a. will be paid on the premium charged on claim settled as the case may be; and

(d) whether Government would also consider making the recalcitrant employees answerable for delayed issuance of documents or payment of claims, with a view to improve the image of a service industry?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR): (a) to (d) The information is being collected and will be laid on the Table of the House.

Generation of black money through invoice Manipulation

3524. DR. ALLADI P. RAJKUMAR: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of the reports that nearly 50 per cent of the black money is generated in the country through invoice manipulations; and

(b) whether Government propose to set up some mechanism to check import/export prices in the prevailing international prices to minimise over-invoicing and under invoicing?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR): (a) No authentic study has been conducted in this regard. However, some instances of invoice manipulations have come to the notice of the Income tax Department.

(b) The Government have at its disposal various means of monitoring the prevailing international import/export prices. 'Special Valuation Branches' also exist in the Custom Houses to detect invoice manipulations.

Rise in Import Duty

3525. SHRI SUSHIL BARONGPA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the import duty on malt and grapes has been raised;

(b) if so, the details thereof; and

(c) whether Government are thinking of other horticultural/agricultural products to be included in raised-import-duty category?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR): (a) In the budget for the year 1997-98, import duty on malt and grapes has not been raised.

(b) and (c) Does not arise in view of (a) above.